

STATE OF DELAWARE  
DEPARTMENT OF FINANCE  
DIVISION OF REVENUE  
601 DELAWARE AVENUE  
WILMINGTON, DELAWARE 19899

TAX NEWSGRAM 71-8

December 7, 1971

PERSONAL INCOME TAX

- Sale of Residence

QUESTION: How does the sale of a residence at a gain when moving into or out of Delaware affect the Delaware Income Taxes?

(1) Sale by taxpayer moving to Delaware from another State.

Taxpayer moves into Delaware from another state in December, 1970. In March, 1971, sells his home in the other state and has a gain of \$20,000. Taxpayer has moved into an apartment and has no intention of acquiring a new residence. For federal tax purposes the entire gain is taxable. It is expected that the tax for state tax purposes would be zero because the fair market value date he became a resident of the state was at least the amount received. In such an instance the transaction although taxable for federal purposes would not be taxable by Delaware and adjustment should be made.

(2) Sale by taxpayer moving from Delaware to another State.

MODIFIED SEE  
TAX NEWSGRAM  
73-21

Taxpayer moves from Delaware and sells his Delaware residence at a gain and acquires a new residence costing more in another state. The gain is not recognized for federal purposes but is for state purposes. This modification should be entered on the state return.

EDITOR'S NOTE: The sale of a Delaware residence by a resident who remains in the state is subject to the same rules and regulations as used by the Internal Revenue Service.

Beginning with 1971 the sale by persons over 65 of their residence the rules which apply in the federal return apply to the state return.

  
J. H. Kennedy  
Director of Revenue

jvm

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